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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE  
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: August 20, 2007

#### Bawag Trial Continues

**¶1.** After a one-week recess, the bank Bawag trial resumes today. Nine people, including the bank's former CEO Helmut Elsner and investment banker Helmut Floettl, are facing charges of breach of trust, fraud and false accounting in connection with speculation losses incurred by the formerly union-owned bank. Presiding judge Claudia Bandion-Ortner is expected to continue interrogations, focusing on the period from 1999 to 2000. Austrian media suggest that as before, the key defendants are going to continue blaming each other for the bank's failed speculations.

Mass-circulation provincial daily Kleine Zeitung, reporting on the continuation of the bank Bawag trial today, suggests that this may well be the most critical phase for defendant and former bank CEO Helmut Elsner: This week, judge Bandion-Ortner is expected to put the million-Euro severance payment for Elsner on the agenda, which was paid out to the former bank boss at a time when Bawag was already facing the threat of bankruptcy. The daily quotes State Prosecutor Georg Krakow as saying that "the outrageous impudence Elsner displayed in this matter goes beyond the actions of most criminals in the business sector."

In mass-circulation tabloid Oesterreich, commentator Claus Reitan says the Bawag trial is a "key test regarding confidence and trust in banks, in their control mechanisms, and in the Austrian judiciary."

#### Austrian "Euro-Blues"

**¶2.** According to a recent survey, 25 percent of Austrians want out of the European Union, and two thirds say they want to keep EU membership. Thus, the percentage of membership support as well as the lack of it has remained more or less constant since 1995, when Austria joined the European Union. A pro-EU stance is most prominent among younger people, the survey also reveals. A survey by the Austrian Society for European Politics on Austrians' views of the European Union shows that the "European idea" is getting the strongest support from young people. Thus, 87 percent of interviewees aged 26 and younger are in favor of Austria's EU membership, and only 12 percent in that age group would prefer for the country to leave the EU. In contrast, almost a third of Austria's senior citizens reject EU membership. And, more than half of the interviewees would welcome greater Austrian efforts towards a "strong Europe," the survey shows.

#### Pensions "Not Enough"

**¶3.** One of the main organizations representing Austrian retirees said

it will not accept government plans for a 1.7 percent increase next year. Karl Blecha, from the Social Democrat's retiree association, emphasized that pensions must rise at least 2.1 percent to keep pace with inflation. A possible one-off payment for people on minimum pensions would be acceptable only as an additional measure to a general rise, Blecha added. Austria has the second highest public spending on pensions in the 30 OECD countries.

In connection with the recent discussions of Austrian pensions, and calls from retiree association leaders for higher pension increases next year, mass-circulation daily Kronen Zeitung speculates whether there might be a "reform of the pension reform." An expert opinion by the Pension Security Commission has now also led to heated debates: Every three years, the Commission has to look into whether the pension prognoses included in the reform of 2003/2004 are still applicable, and if it finds they are not, the Commission has to present a series of proposals to the Social Affairs Minister on how to counter deviations from the projected plan. This year, it seems, the outcome could be a number of "unpleasant adaptations" to the pension payment plan, the daily suggests.

In contrast, independent provincial daily Salzburger Nachrichten believes that retirees may look forward to a pension payment increase of more than 1.7 percent next year. All political parties had expressed their understanding for the demands of the retiree associations, given that costs of living in Austria have also grown over the past months. The government has meanwhile said it is willing to discuss the issue with the retiree associations, who have called for pension increases of 2.1 percent.

#### Westenthaler Remains in Politics

¶4. Speaking on ORF television on Friday, BZÖe boss Peter Westenthaler has emphasized he has no intention of turning his back on politics. His statements came after tensions within the party had led to speculations about his potential resignation. However, Westenthaler stressed he had "now come to the conclusion that I'll stay and fight against the corrupt political system in Austria." He will stay on as BZÖe leader until the next general elections, Westenthaler said.

On Saturday, following the appearance of BZÖe leader Peter Westenthaler in ORF TV's traditional political summer interview Sommergegespräche, mass-circulation daily Kurier suggests the "farce over the BZÖe leadership has been concluded - for now." The daily refers to speculations in the past weeks over Westenthaler's potential resignation triggered by tensions within the party. A few days ago, the BZÖe boss had even announced he was considering stepping down. However, "as expected," the Kurier notes, Westenthaler announced on ORF TV that he would remain in politics at least until the next elections. He explained his decision on television, saying that "many people had approached him and urged him" to continue fighting the - as he puts it - "the corrupt political system" in Austria.

In mass-circulation tabloid Oesterreich, political analysts say Westenthaler's performance on ORF TV was "staged exclusively for the BZÖe voters." Analyst Peter Filzmaier argues "the same goes" for Westenthaler's threat earlier that he was thinking about stepping down as party leader - "it was just a show."

#### Austrian Aid Agencies Send Help to Peru

¶5. A number of Austrian aid agencies have announced plans to help victims of the earthquake in Peru. More than 500 deaths have been reported and more than 1,600 people were missing after the quake of magnitude 8.0 on Wednesday. The head of the Roman Catholic relief organization Caritas in Peru, Jose Tejada, said medicine, food, blankets and housing are urgently needed. Caritas Austria has sent 20,000 Euros so far. Care Austria is focusing its aid on making sure that there is clean water available. Angelika Raedler from Care Austria said in any catastrophe it is important to prevent illness or the spread of diseases. Three teams are being sent to Pisco, south of Lima, the area hardest hit by the quake.

Like several Austrian media, semi-official daily Wiener Zeitung reported on the weekend that a number of Austrian aid agencies, including Caritas Austria and Care Austria, announced plans to help victims of the earthquake in Peru. Meanwhile, the head of the children's aid agency of the UN, UNICEF, said the provision of clean drinking water was a major priority, and that urgent help is needed

to save lives. Diakonie, the Protestant relief agency, is providing help to the city of Ica. The head of Diakonie's regional office in Latin America, Michal Jordan, said there was a special need for medicines to treat victims of the quake. Help is also underway from the WFP (the World Food Programme) and the European Union which are sending medicine, food and hygienic articles, the daily says. In an interview with mass-circulation tabloid Kronen Zeitung, a medical doctor from Upper Austria, who is part of the Austrian team going to Peru to provide assistance, stressed that the top priority of relief measures must be to "prevent the outbreak and spread of infectious diseases." Dr. Silvia Sperandio will lead a UN team, which is to coordinate medical assistance, the daily adds.

#### German Aid Worker Freed

¶6. A German aid worker, who was kidnapped at gunpoint from a restaurant in the Afghan capital Kabul on Saturday, has been freed in a police operation. Earlier, the aid worker was seen in a video released by her captors and broadcast on Afghan TV. The Afghan Interior Ministry and police in Kabul have confirmed Christina M. has been released. According to reports, the aid worker was freed during a police raid on a house on the outskirts of Kabul, and several of her suspected abductors were arrested. ORF online news, reporting like all Austrian media on the release of a German aid worker who had been taken hostage in Kabul last week, writes that the German foreign ministry has meanwhile also confirmed Christina M. has been freed and is "now in the care of the German Embassy in Kabul." Before she was freed, Christina M. had said in a video released by her captors and broadcast on Afghan TV that she was "not being threatened." In the same message, her kidnappers stressed that the hostage takers were not part of the radical Taliban, and demanded the release of "innocent prisoners" who were being held in Afghanistan, ORF online news says.

#### Hurricane Dean Pounds Jamaica

¶7. Hurricane Dean is continuing its path of destruction through the Caribbean, hitting the southern coast of Jamaica. Earlier, the hurricane had left six people dead on its run through the region. While Dean continues traveling further up the coast, Mexico and the United States are also preparing for the storm. Independent provincial daily Salzburger Nachrichten says that in the face of the "path of destruction wrought by Hurricane Dean, many European travel agencies have cancelled or called off trips and flights to the region. Space shuttle Endeavor will also conclude its current mission a day early because of the storm.  
Kilner